

Amend Regulation 1586 (Works of Art and Museum Pieces for Public Display) to read as follows:

1586. Works of Art and Museum Pieces for Public Display.

(a) General.

(1) Original Work of Art. (unchanged)

(2) Museum Pieces. (unchanged)

(b) Definitions.

(1) (unchanged)

(A) (unchanged)

(B) crafts, e.g., crafts in clay, textile, fiber, wood, metal, plastic, glass, costume, dress, clothing, personal adornment, and like materials, or

(C) (unchanged)

(2) (unchanged)

(A) (unchanged)

(B) (unchanged)

(C) (unchanged)

(c) Application of Tax.

(1) Original Works of Art.

(A) Tax does not apply to the sale or use of original works of art which are ~~purchased by~~:

1. purchased by this state, or any city, county, city and county, or other local governmental entity in this state;

2. purchased by any nonprofit organization which operates a public museum under contract for such governmental entity;

3. purchased by any nonprofit organization qualifying for exemption from state income tax pursuant to ~~Section~~ 23701d of the Revenue and Taxation Code. The works of art must be purchased for display in a museum either operated by the purchaser or by another nonprofit organization which qualifies for exemption pursuant to ~~Section~~ 23701d. The museum in which the art is displayed must be open to the public regularly for not less than 20 hours per week and for not less than 35 weeks of the calendar year; ~~or~~

4. purchased by any person for donation to the above governmental entities or nonprofit organizations. To qualify for exemption from the tax under this subparagraph, donated works of art must be delivered by the retailer of the art directly to the donee pursuant to the instructions of the buyer-donor. Written evidence of transfer of title to the works of art from the buyer-donor to the donee must be maintained by the retailer and the buyer-donor to support the exemption; or

5. operative January 1, 2007, leased from one nonprofit organization to another nonprofit organization for 35 years or more, if both lessor and lessee are nonprofit organizations as defined in subdivisions (c)(1)(A)(2) and (c)(1)(A)(3) of this regulation.

(B) The exemption provided by ~~paragraph~~ subdivision (c)(1)(A) applies only to original works of art which are purchased or leased to become part of the permanent collection of any of the following:

1. (unchanged)

2. (unchanged)

Amend Regulation 1586 (Works of Art and Museum Pieces for Public Display) to read as follows:

3. ~~Operative~~ January 1, 1988, this state and any city, county, city and county, or other local governmental entity in this state for display to the public in buildings, parks, plazas, or other places which are open to the public without charge for not less than 20 hours per week and for not less than 35 weeks of the calendar year. Operative January 1, 2007, "permanent collection" as it applies to leases of original works of art, means a collection with a lease term of 35 years or more.

(2) Museum Pieces.

(A) (unchanged)

1. (unchanged)

2. a nonprofit museum regularly open to the public and operated by a nonprofit organization which has qualified for exemption from the state income tax pursuant to ~~§~~section 27301d of the Revenue and Taxation Code, or

3. (unchanged)

(B) (unchanged)

1. (unchanged)

2. (unchanged)

3. (unchanged)

(d) Records. (unchanged)

NOTE: Authority cited: Section 7051, Revenue and Taxation Code.

Reference: Sections 6365 and 6366.3, Revenue and Taxation Code.